

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Rembrandt Post Office
Rembrandt, IA 50576

Docket No. A2012-35

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(December 19, 2011)

On October 25, 2011, the Postal Regulatory Commission (Commission) docketed three appeals, postmarked October 4, 2011, October 5, 2011, and October 12, 2011, from postal customers Joleen J. Anderson, the City of Rembrandt, and Jerri J. Haraldson, respectively. On November 1, 2011, the Commission issued Order No. 941, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 941, the administrative record was filed with the Commission on November 9, 2011.

The appeal and the Participant Statement raise three issues: (1) the impact on the provision of postal services, (2) the impact upon the Rembrandt community, and (3) the calculation of economic savings expected to result from discontinuing the Rembrandt Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,¹ the Postal Service gave consideration to a number of other issues, including the impact upon postal

¹ See 39 U.S.C. 404(d)(2)(A).

employees. Accordingly, the determination to discontinue the Rembrandt Post Office should be affirmed.

Background

The Final Determination To Close the Rembrandt Post Office and Continue to Provide Service by Rural Route Service (“Final Determination” or “FD”)², as well as the administrative record, indicate that the Rembrandt Post Office provides EAS-11 level service to 77 Post Office Box customers and 104 delivery customers, and to retail customers 40.5 hours per week.³ The postmaster of the Rembrandt Post Office retired on October 1, 2010. Since the postmaster vacancy arose, an employee from a neighboring office was installed as an officer-in-charge (“OIC”) to operate the office. The noncareer postmaster relief (“PMR”) serving as the OIC may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility.⁴ The average number of daily retail window transactions at the Rembrandt Post Office is 5, accounting for 5 minutes of workload daily. Revenue generally has been declining: \$21,423 in FY 2008 (56 revenue units); \$21,724 in FY 2009 (57 revenue units); and \$16,509 (43 revenue units) in FY 2010.⁵

² The Final Determination can be found at Item 47 in the Administrative Record. All citations to the Final Determination will be to “FD at _____,” rather than to Item 47. The FD page number refers to the pages as marked on the upper right of the document. Other items in the administrative record are referred to as “Item _____.”

³ FD at 2; Item No. 13, Administrative postmaster/OIC comments, at 1; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (“Fact Sheet”), at 1; Item No. 33, Proposal to Close the Rembrandt Post Office and Establish Service by Rural Route Service (“Proposal”), at 2.

⁴ FD at 8; Item No. 33, Proposal, at 8.

⁵ FD, at 2; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2.

Upon implementation of the Final Determination, delivery and retail services will be provided by rural route delivery administered by the Sioux Rapids Post Office⁶, an EAS-13 level office located 6 miles away, which has 166 available Post Office Boxes.⁷ This service will continue upon implementation of the Final Determination.⁸

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the Rembrandt Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to all Post Office Box customers of the Rembrandt Post Office.

Questionnaires were also available over the counter for retail customers at the Rembrandt Post Office.⁹ A letter from the Manager of Post Office Operations, Cedar Rapids, Iowa was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Rembrandt Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Sioux Rapids Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and

⁶ The Sioux Falls Post Office is not one of the candidate facilities under Retail Access Optimization (RAO) Initiative. See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1.

⁷ FD at 2; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁸ FD at 2; Item No. 33, Proposal, at 1, 2.

⁹ FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Rembrandt Post Office, at 1.

the effects of a possible change involving rural route delivery.¹⁰ Fifty-seven (57) customers returned questionnaires, and the Postal Service responded.¹¹ In addition, representatives from the Postal Service were available at the Rembrandt Fire Department for a community meeting on April 19, 2011¹², to answer questions and provide information to customers.¹³ Customers received formal notice of the Proposal and Final Determination through postings at affected facilities. The Proposal was posted with an invitation for public comment at the Rembrandt Post Office and the Sioux Rapids Office for 60 days beginning June 24, 2011.¹⁴ The Final Determination was posted at the same two Post Offices starting on October 3, 2011, as confirmed by the round-dated Final Determination cover sheets that appear in the administrative record as Item 49.

In light of the postmaster vacancy; minimal workload; low and decreasing office revenue;¹⁵ the variety of delivery and retail options (including the convenience of rural delivery and retail service);¹⁶ no projected population, residential, commercial, or business growth in the area;¹⁷ minimal impact upon the community; and the expected financial savings,¹⁸ the Postal Service issued the Final Determination.¹⁹ Regular and

¹⁰ Item No. 21, Letter to Customer, at 1

¹¹ Item No. 22, Returned customer questionnaires and Postal Service response letters.

¹² The present discontinuance action was processed under former Handbook PO-101 and 39 C.F.R. § 241.3, effective July 14, 2011.

¹³ FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24; Community Meeting Roster; Item No. 1, Community Meeting Analysis; Item No. 25, Proposal, at 1, 2

¹⁴ FD at 1; Item No. 33, Proposal, at 1; Item 36, Round-date stamped proposals Proposal, at 1-3; Item No. 49, Round-date stamped Final Determination, 1-2.

¹⁵ See note 5 and accompanying text.

¹⁶ FD at 8; Item No. 33, Proposal, at 8.

¹⁷ Item No. 16, Community Survey Sheet, at 1.

¹⁸ FD at 7-8; Item No. 18, Post Office Fact Sheet, at 1; Item No. 29, Proposal Checklist, at 1; Item No. 33, Proposal, at 7

effective postal services will continue to be provided to the Rembrandt community in a cost-effective manner upon implementation of the Final Determination.²⁰

Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Rembrandt Post Office on postal services provided to Rembrandt customers. The closing is premised upon providing regular and effective postal services to Rembrandt customers.

Petitioners, in their letters of appeal, raise the issue of the effect on postal services of the Rembrandt's Post Office's closing, noting their concern about obtaining services from a rural carrier. As explained throughout the administrative record, replacement service will be provided to the Rembrandt community through rural route carrier service emanating from the Sioux Rapids Office.²¹ Upon the implementation of the Final Determination, customers will be able to obtain stamps, money orders, and special services such as certified, registered, Express Mail, delivery confirmation, signature confirmation, and COD through the rural carrier. FD at 5; Item No. 33 Proposal, at 5; Item No. 25, Community Meeting Analysis, at 1-2, Comment 10. Although Petitioners express concern about the "small window of time" that they would

¹⁹ FD at 8.

²⁰ FD at 1.

²¹ FD at 1, 2, 8.

have with which to meet the rural carrier in order to obtain services, many services do not require direct interaction with a carrier, to include purchase of Stamps by Mail and Money Order application forms. FD at 4, 5; Item No. 22, Returned Customer Questionnaires and USPS response letters, at 38; Item No. 23, Analysis of Questionnaires, at 1, 2, Comments 6, 11; Item No. 25, Community Meeting Analysis, at 1-2, Comment 10; Item No. 33 Proposal, at 4, 5. Furthermore, customers may purchase stamps online or by phone. FD at 3, 4, 5; Item No. 33, Proposal, at 3, 4, 5; Item No. 23, Analysis of Questionnaires, at 3, Comment 11. In addition to carrier service, customers may also receive delivery and services at the Sioux Rapids Post Office, which is located 6 miles away. FD at 2, 8; Item No. 33, Proposal, at 2, 8. The window service hours of the Sioux Rapids Post Office are from 8:30 a.m. to 11:30 a.m. and 12:00 p.m. to 4:00 p.m., Monday through Friday, and 9:30 a.m. to 10:30 a.m. on Saturday. FD, at 2; Item No. 33, Proposal, at 2.

Petitioners also contend that the rural carrier will not have adequate space for the mail volume of the Rembrandt residents and business customers, and thus, may not be able to handle packages. However, the record reflects that the Postal Service noted the number of businesses within the community and the daily volume of mail in the service community is minimal. Item No. 18, Form 4920, Post Office Closing or Consolidation Proposal-Fact Sheet, at 1. Additionally, the record explains that in consideration of the increases in mailboxes and mileage for the rural carrier route, the Postal Service would adjust carrier service accordingly. Item No. 15, Post Office Fact Sheet, at 2.

Petitioners also question whether rural route carriers will be able to accept debit

or credit cards, and if so, how the rural route carriers will keep their debit and credit information safe. As noted in the record, postal customers can conduct their postal business on the computer, which would enable them to use their debit and credit cards. FD at 3, 4, 5; Item No. 33, Proposal, at 3, 4, 5; Item No. 23, Analysis of Questionnaires, at 3. Additionally, the record explains that in cases where a postal customer wants to send out a package or utilize other special services, the postage may be estimated. The carrier will then provide a receipt for the money received, and provide change on the following delivery day. FD at 5, Concern 19; Item No. 23, Analysis of Questionnaires, at 3, Comment 3, 4; Item No. 33, Proposal, at 5, Concern 19. Moreover, the administrative record also reflects that postal customers can use flat-rate boxes where the price is predetermined, regardless of the weight of the package or shipping destination. Item No. 23, Analysis of Questionnaires, at 3, Comment 3, 4.

Petitioners argue that the discontinuance of the Rembrandt Post Office will affect the operations of its local organizations, specifically, the Rembrandt Public Library. Petitioners contend that the discontinuance will negatively impact the Rembrandt Public Library's ability to send books to, and receive books from, public libraries throughout the state. As reflected in the Administrative Record, delivery service will be available to the Rembrandt Public Library, and all other postal customers, through rural route carrier service emanating from the Sioux Rapids Post Office. FD at 2, 7; Item No. 33, Proposal at 2, 7. The record also indicates that the Rembrandt Public Library, as well as other organizations and local business, were considered. Item No. 15, Post Office Fact

Sheet, at 1-2; Item No. 17, Rural Route Carrier Cost Analysis, at 2; Item No. 18, Form 4920, Post Office Closing or Consolidation Proposal-Fact Sheet, at 1.

Thus, the Postal Service has properly concluded that all Rembrandt customers will continue to receive regular and effective service.

Effect Upon the Rembrandt Community

The Postal Service is obligated to consider the effect of its decision to close the Rembrandt Post Office upon the Rembrandt community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

Rembrandt is an unincorporated rural community located in Buena Vista County. The community is administered politically by the Mayor and the Council. The Buena Vista County Sheriff provides police protection. Fire protection is provided by the Rembrandt Fire Department. FD at 7; Item No.16, Community Survey Fact Sheet; Item No. 1, Proposal at 7. The community is comprised of retired people, those who commute to work at nearby communities, and self-employed individuals. FD, at 7; Item No. 16, Community Survey Sheet, at 1; Item No. 23, Analysis of Questionnaires, at 4; Item No. 33, Proposal at 7.

Petitioners express concern about the effect of closing the Rembrandt Post Office upon the Rembrandt community. More specifically, Petitioners contend that the Rembrandt Post Office is a vital part of the community, and that the Post Office must

remain open. However, the Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. The record makes clear that the Postal Service is addressing this concern through preservation of the community identity by continuing the use of the Rembrandt Post Office name and ZIP Code in addresses. FD at 7; Item No. 23, Analysis of questionnaires, at 4, Concern # 3; Item No. 33, Proposal at 7.

Petitioners also contend that individuals are attracted to visit Rembrandt by the Post Office and the public library. To the extent that Petitioners argue that the discontinuance action will negatively affect the local organizations and businesses, the record shows that the majority of the residents responding to the questionnaires would still patronize local businesses in the event that the Rembrandt Post Office was closed. Item No. 22, Returned Customer Questionnaires, and Postal Service Response Letters, at 1b, 2b, 4b, 5b, 6b, 8b, 9b, 12b, 13b, 14b, 17b, 18b, 19b, 20b, 21b, 22b, 23b, 25b, 26b, 27b, 29b, 30b, 34b, 35b, 36b, 38b, 39b, 41b, 44b, 50b, 52b, 53b, 54b. Further, a number of respondent reported that they do not use local businesses now. Item No. 22, Returned Customer Questionnaires, at 7b, 28b, 33b, 49b, 56b.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Rembrandt Post Office on the community served by the Rembrandt Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal

Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the Rembrandt Post Office and would still provide regular and effective service. FD at 7; Item No. 17, Alternate Service Options/Cost Analysis, at 2; Item No. 33, Proposal, at 7. The estimated annual savings associated with discontinuing the Rembrandt Post Office are \$40,470. FD at 7; Item No. 33, Proposal, at 7. Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at 7; Item No. 15, Post Office Fact Sheet, at 2; Item No. 33, Proposal, at 7.

Petitioners question the added expense for the rural delivery carrier. As for costs associated with the rural delivery carrier, the savings estimate includes a deduction of \$10,309 for increasing stops on the carrier route. FD at 7; Item No. 15, Post Office Fact Sheet, at 2. The Postal Service arrived at this figure by calculating the cost of delivering to an additional 77 boxes and adding 0.25 mile to the route. FD at 8; Item No. 17, Alternate Service Options/Cost Analysis Form, at 2; Item No. at 7.

Petitioners suggest that there are other strategies that might reduce costs at the Rembrandt Post Office. Although the letter of appeal does not articulate these alternative strategies, during the Community Meeting, the Petitioners suggested reducing the hours that the facility is open, eliminating Saturday service, and allowing one OIC to serve several post offices instead of just one. Item No. 25, Community Meeting Analysis, at 1, 2, Comments #5, 11, 12. The Postal Service has broad

experience with similar options. However, in this case, it has determined that carrier service, coupled with service at the nearby Sioux Rapids Post Office, is a more cost-effective salutation than maintaining the Rembrandt postal facility and career position. Item No. 25, Community Meeting Analysis, at 1, 2, Comments #5, 11, 12. In so doing, the Postal Service is not required to evaluate and reject alternative proposals. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Rembrandt Post Office on the provision of postal services and on the Rembrandt community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to the Rembrandt Post Office customers. FD at 2.

The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to lose the Rembrandt Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Rembrandt Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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